



## **Close the Gap and Engender Proposed Stage 2 Amendments to the Scottish National Investment Bank Bill**

Close the Gap and Engender have welcomed the establishment of the Scottish National Investment Bank, as it holds enormous potential to tackle women's economic inequality. However, how the Bank is developed will be the determinant as to whether the Bank has a positive impact in this area.

We believe that a number of key changes are required to the Bill if the Bank is to fulfil its potential with regards to gender equality. We therefore support amendments in five key areas of the Bill:

### **1. Clarifying the role of the Vision – Amendment 1 from Jackie Baillie MSP**

*The Bank's vision, currently articulated within the Implementation Plan, should be added verbatim to the Bill.*

The vision statement constitutes a clear mission statement for the Bank's intended socio-environmental returns and the inclusion of the vision on the Bill is therefore an important step in ensuring that the Bank fulfils its transformative potential. Putting the vision on the face of the Bill ensures permanency for the more ambitious and transformational aspects of the Bank. Without clarity on the Bank's vision, there is a risk that a focus on economic returns will take priority, particularly when the Bank is operating in a sea of private actors who do not prioritise socio-environmental returns. It is our experience that when aspirations and priorities are not well elaborated, or where they are not set out in full, they become lost in implementation.

### **2. Ensuring the Bank proactively works towards gender equality – Amendment 5 from Jackie Baillie MSP**

*An additional ancillary object should be added to the Bill, focused on advancing equality and eliminating discrimination.*

The Scottish Government has highlighted the overarching principles of equality, transparency, diversity and inclusion. While it has been repeatedly stressed that

the Bank presents an opportunity to enable actors to do things differently, none of these principles appear in the Bill itself and there is a huge gap between the intentions and aspirations expressed in the Implementation Plan and Bill. For example, the objects currently set out in the Bill focus on the economic aspects of the Bank, rather than its wider social, wellbeing or environmental impacts.

Evidence shows us that without integration of gender equality ambitions into legislation, regulation, strategy and operations, well-meaning aspirations do not translate into a more gender equal policy. This proposed additional object will help to integrate gender equality into all aspects of the Bank, not just lending decisions, ensuring equality is a priority within recruitment, operational processes, internal employment processes and the setting and implementation of missions.

We recognise that there are existing objects relating to inclusive growth and under-capitalisation which have the potential to advance women's labour market and economic equality. However, these objects are not explicit in their focus on gender equality, or equality more broadly, and are thus open to interpretation. This ultimately means that these objects will not necessarily lead to sufficient focus being placed on gender equality. Such a focus is required because Scotland's economy fails to deliver for women. For example, the gender pay gap persists at 14%; and women-led businesses start with lower levels of overall capitalisation. If rates of women-led businesses equalled that of men, it would lead to a 5% increase in GDP, equivalent to £7.6 billion

It has also been stated that the Public Sector Equality Duty (PSED) will ensure that the Bank focuses on equality. However, [Close the Gap's analysis of PSED](#) shows that the duty is not functioning as intended and the specific duties on gender and employment are not reducing the pay gap, and instead employer responses to the duty are entrenching women's workplace inequality in the public sector. For example, analysis of reported material has highlighted that mainstreaming and outcome progress reports are characterised by vague commitments, generalised outcomes and a lack of measurable actions. A significant number of reports contained statements indicating a lack of understanding of the duty, and complacency towards equalities work.

### **3. How will the missions work with the Bank's static objectives?**

#### **Amendment 9 from Jackie Baillie MSP**

*An additional mechanism should be introduced whereby Ministers have to refer back to the Bank's objects (including the additional object on equality and non-discrimination) when designing missions.*

The decision-making process for determining missions has the potential to widen or narrow Scotland's gender pay gap and therefore impact women's equality. It is consequently concerning that there is very little information in the Bill as to how missions will be developed. We believe that Ministers should have a positive duty to consider equality when setting missions, such as being required to set out how the missions further the Bank's ancillary objects.

The sector-neutral and business-neutral approach of missions makes it all the more critical that equality be a core consideration within the missions themselves. In order to meet the specific needs of women, it is vital that gender be considered at the earliest and highest stage of mission design. This updated process will help to ensure that gender equality has been mainstreamed through all missions.

### **4. Proactive on furthering equality in Scotland – the publication of an Equality Strategy. Amendment 12 from Jackie Baillie MSP**

*The Bank should be required to develop, maintain and publish a comprehensive Equality Strategy, setting out how the Bank will further equality for protected groups across the full range of the Bank's activities.*

This amendment requires the Bank to produce and maintain a publicly-available equality strategy which covers every aspect of the Bank's operations, governance and wider societal and economic roles. Such a strategy could include the bank's contribution to economic development; the role of missions; lending, both processes and outcomes; recruitment and internal policies and process as well as how the Bank might contribute to the skills pipeline and promote activity from women-led businesses; and governance.

This strategy should follow existing best-practice examples including the [EIB strategy on gender equality and women's economic empowerment](#) and [German Investment Bank's gender strategy](#). Producing an Equality Strategy will further the Government's wider objectives on equalities, and gender equality

specifically. The strategy will also assist in ensuring wider social and wellbeing impacts are placed at the centre of the Bank's day-to-day operations.

That the Bank will be subject to PSED requirements alone will be insufficient to tackle women's economic inequality. [Close the Gap analysis](#) has shown that employer responses to the duty are entrenching women's workplace inequality in the public sector.

## **5. How will impact be monitored? Amendments 45, 45 and 46 from Jackie Baillie MSP**

*Further detail on reporting requirements should be on the face of the Bill, including reporting against the Bank's Equality Strategy and the National Performance Framework.*

There is no detail in the Bill on the indicators that will be used to report on progress to achieve missions. We believe that the success of the Bank should not be measured purely in terms of commercial success and economic returns. Rather, the Bank should use wellbeing indicators which reflect its approach to investment.

This amendment would require the Bank to gather information and data in relation to the performance of the Bank's investments, outcomes and development of services. This data should be publicly available and published in such a way that enables an intersectional breakdown of the Bank's work. This amendment is aligned with the Bank's obligations under PSED.

To date, public bodies have had limited success in gathering and utilising intersectional gender disaggregated data relating to employees, service design and service delivery. Under PSED, each public authority listed in the schedule for the specific duties is required to gather, use and publish employee information; and – our analysis of reported material in 2017 highlighted that 87% of bodies were assessed as having made poor or no use of gender-disaggregated employee data.

We are supportive of the Bank reporting against the National Performance Framework, or any future framework prepared and published by Scottish Ministers. However, as the current NPF Framework is not sufficiently gendered, this reporting requirement alone would be insufficient to evaluate whether the Bank is advancing gender equality through its work.

## **CONCLUSION**

Close the Gap and Engender recognises the opportunities that the creation of a Scottish National Investment Bank presents in directing investment in line with the economic, environmental and social priorities of Scotland. However, we believe that the specific needs and opportunities of women, who generally have less access to finance, have additional caring roles, and are clustered into low-paid and undervalued work across Scotland's economy, have not yet been adequately integrated into the design of the Bank.

We therefore call for the Bill to address gender equality in a number of ways:

1. The vision for the Bank should be included on the face of the Bill;
2. Equality and Non-discrimination should be explicitly listed as an ancillary object of the Bank;
3. The mission-setting process should be clearly elaborated, including a mechanism to set out the relationship between an equality and non-discrimination object and the content of the mission;
4. The Bank should be required to publish and maintain an Equality Strategy to advance equality across all its activities;
5. Reporting processes should include reporting against the Government's performance framework and the aforementioned Equality Strategy.

## **ABOUT US**

Close the Gap is Scotland's policy and advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees since 2001 to influence and enable action that will address the causes of women's labour market inequality.

Engender is a membership organisation working on feminist agendas in Scotland and Europe, to increase women's power and influence and to make visible the impact of sexism on women, men and society. We provide support to individuals, organisations and institutions who seek to achieve gender equality and justice.